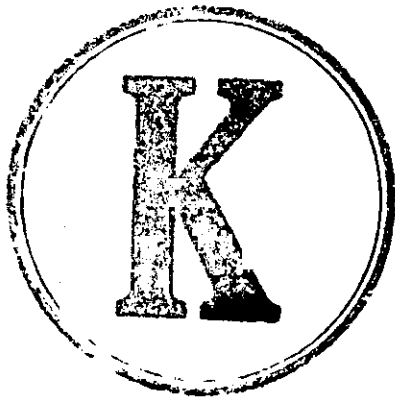


(K)



Dir. Industries

State - Aids

Legal Department

E Branch.

P 26 F

Fisheries and Industries/44-45.

590-E

R. Advani
U r g e n t.

No. W-H/18/333 *101 26887*
Office of the Director of Industries,
Old Custom House Yard,
Bombay, 22 June 1942. |

From

P.B.Advani, Esquire, M.Sc.Tech., M.I.E., J.P.,
Director of Industries, Bombay.

To

The Solicitor to Government,
Legal Department, Bombay.

Subject:- Handloom Blankets.

Supply of - to the Supply Department of
Government of India.



1135
22/6
TO GOVERNMENT
LEGAL DEPARTMENT
L o a n.
BOMBAY
Sir,

Southern Division Industrial Co-operative
Association, Ltd., Hubli.

Grant of - to, to serve as working capital
for production of handloom blankets for
Supply Department.

new file.
I have the honour to state that Government were pleased to sanction under Government Resolution, Revenue Department No.3248/39, dated the 31st March 1942 (copy enclosed) an interest free loan of Rs. 20,000/- to the Southern Division Industrial Co-operative Association, Ltd. Belgaum Galli, Hubli, to serve as working capital for the manufacture of blankets for the Supply Department.

This loan of Rs. 20,000/- was granted. The Chairman of the said Association has been authorised by a resolution of the Board of Directors of the Association to execute the bond.

The/

The following are the terms and conditions governing the bond:-

- (1) This amount of RS. 20,000/- paid to the Association by the Government will be treated as the Reserve Fund of the Association.
- (2) The Association will obtain loans on the security of this amount from the Co-operative Bank which may agree to finance the Association.
- (3) The Director has the right to withdraw this amount from the Association as soon as the work for the Supply Department is over and the Association undertakes to pay this amount to the Director within fifteen days of the intimation of such a decision by the Director to the Association subject to the first charge of the financing agency on the Government grant.
- (4) If the affairs of the Association are wound up, the Director, will have the first charge over the assets of the Association for the recovery of this amount, after the payment of the dues of the financing co-operative Bank from which loans might have been obtained on the security of this amount.

I have, therefore, to request you kindly to draw up necessary loan bond to be executed by the Association as required in paragraph 4 of the Government Resolution referred to above.

I shall be glad if, you will kindly let me know the amount of stamps that will be required for this loan bond and whether it will have to be registered.

I shall be obliged to you for a very early reply

Your obedient servant,

M. B. Advani

Accompt:- copy of G.R.

Director of Industries.

SCG.

103 87-
Handloom Blankets.

Supply of - to the Supply
Department of Government of India.

Loan.

Southern Division Industrial
Co-operative Association, Ltd. Hubli.

Grant of - to, to serve as working
capital for production of handloom
blankets for Supply Department.

Government of Bombay.

Revenue Department.

Resolution No. 3248/39.

Bombay Castle, 31st March 1942.

Letter from the Director of Industries, No. W. 392-D/156, dated
the 21st March 1942.

Resolution.- Sanction is accorded to the grant of an
interest free loan of Rs. 20,000 to the Southern Division
Industrial Co-operative Association, Limited, Hubli, to serve
as working capital for the manufacture of blankets for the
Supply Department.

2. The Association should be allowed to pledge the amount
of the loan as security for the advances it may take from the
Co-operative Banks in connection with financing the manufacture
of blankets for the Supply Department. The loan should not be
recovered till the Supply Department's order is completed and
payment for it is received and the advances taken from the
Co-operative Banks are repaid.

3. The loan should be paid to the Association on or after
1st April 1942 and the charges on that account debited to
'Class V-Miscellaneous Loans and Advances by Provincial Government'
under 'Provincial Loans and Advance Account'.

4. The necessary loan bond should be obtained from the Association.

By order of the Governor of Bombay,

Sd/- M.J. Desai.

Secretary to Government.

SCG.20/6.

No. 5190

Legal Department,

Bombay Castle, 25th June 1942.

From

C. C. Shah, Esquire, M.A., LL.B.,
Solicitor to the Government of Bombay,

To

The Director of Industries.

Subject: Loan.

Southern Division Industrial
Co-operative Association Ltd.,
Hubli.
Grant of - to, to serve as
working capital for production
of handloom blankets for Supply
Department.

Sir,

With reference to your letter No. W-H/18/333, dated the 22nd June 1942, I have the honour to request you to send me a copy of the Articles of Association of the above Association. The Bond should be executed as provided by the said Articles. The Government Resolution does not state whether it is intended to have a mortgage of the undertaking and assets of the Association. However, the fourth term in your letter states that the Government will have the first charge over the assets of the Association for the recovery of this amount. Please, therefore let me know whether I should prepare a Mortgage Bond as is done in other cases or I should prepare a simple money bond. If it is intended that a mortgage bond should be prepared then it would be necessary to annex a list of the assets to the mortgage bond.

It is also not understood how the amount of loan is to be pledged. Is it intended that the Association should not withdraw any amount from the Reserve Fund of Rs. 20,000/-?

Your obedient servant,

cc
24/6

Solicitor to Government.

recd
25/6

07/11

The Director of Industries,
Bombay.

The Solicitor to the Government of Bombay,
Legal Department, Bombay.

Loan
Southern Division Industrial Co-operative
Association, Ltd., Hubli.
Grant of - to, to serve as working capital
for production of handloom blankets for
Supply Department.

With reference to your letter No. 5190, dated the

**THE SOLICITOR TO GOVERNMENT
IN LEGAL DEPARTMENT JUN**

honor

French

張

Association should not withdraw any amount from the Reserve

Fund of Rs. 20,000/-. It will withdraw and use the same

for its work. In this case it is enough if a simple money

bond/

५

- 2 -

bond is executed.

I shall be obliged if you will kindly let me have a draft bond at your early convenience.

Your obedient servant,

88 Rajendra Palan

~~for Director of Industries.~~

Accompt:- copy of Articles
of Association.

SCG.10/7.

११५१

VERY URGENT.

No. 5731

Legal Department.
Bombay Castle, 14~~th~~ July 1942.

From

C.C. Shah, Esquire, M.A., LL.B.,
Solicitor to the Government of Bombay;

To

The Director of Industries,
Bombay.

Subject:- Loan -
The Hubli S.D. Industrial Cooperative
Association Limited, Hubli.

Sir,

With reference to your letter No.W.H.18/396, dated the 11th July, 1942 I have the honour to send you herewith the draft Bond for your approval. Under by-law No.64. The Bond should be executed by the Chairman and the Manager on behalf of the Association. They should be authorised by a resolution of the Board of Directors to execute the Bond. It is presumed that the Association is a society registered under the Bombay Co-operative Societies Act, 1925. In that event the Bond is exempt from stamp duty under Revenue Department, Notification No.10055/28, dated the 22nd March 1939. The Bond does not require registration. It must be attested by two witnesses.

I return herewith a copy of the by-laws sent for my reference.

Your obedient servant,

S
14/7

Solicitor to Government.

Encls:-
Draft Bond.
By-laws.

NM.

recd
S.C.
14/7

THIS BOND made at Bombay the day of

One thousand nine hundred and forty-two Between THE HUBLI
S. D. INDUSTRIAL CO-OPERATIVE ASSOCIATION, Limited, Hubli,
a Society registered under the Bombay Co-operative Societies
Act, 1925, hereinafter called "the Association" (which
expression shall unless the context does not so admit include
its successors and assigns) of the one part and THE GOVERNOR
OF BOMBAY, hereinafter called "the Government" (which expression
shall unless the context does not so admit include his
successors and assigns) of the other part "WHEREAS the Association
carries on business inter alia of spinning ^{weaving} and improving and
making attractive the finished products of handlooms and local
industries AND WHEREAS the Association is duly empowered by its
Bye-laws to borrow money AND "WHEREAS the Association has under-
taken to manufacture blankets for the Supply Department AND
"WHEREAS the Association applied to the Government for a loan
to serve as working capital for the manufacture of blankets for
the Supply Department AND "WHEREAS under the Bombay State-Aid to
Small Industries Rules, 1935, the Government has agreed to give
~~a loan~~ to the Association a loan of Rupees twenty thousand
(Rs.20,000/-) free of interest to serve as working capital for
the manufacture of blankets for the Supply Department.

NO THIS BOND WITNESSETH as follows:-

In pursuance of the said agreement and in consideration

of the sum of Rs.20,000/- paid to the Association by the Government on or before the execution of these presents (the receipt whereof the Association doth hereby admit and acknowledge) the Association doth hereby covenant with the Government that the Association shall repay to the Government the said sum of Rs.20,000/- when the Supply Department's orders are completed PROVIDED ALWAYS that the said loan shall not bear any interest.

2. The amount of loan shall become immediately payable in each and every of the following cases:

(a) If the Association ceases to carry on its business for any reason whatsoever.

(b) If the Association is wound up.

(c) If a distress or execution shall be levied or enforced upon **any** assets of the Association or a Receiver thereof be appointed.

(d) If the Association shall commit breach of any of the covenants or provisions herein contained and on its part to be observed and performed.

(e) If the Association fails to carry out the orders of the Supply Department for the manufacture of blankets.

3. AND IT IS HEREBY AGREED AND DECLARED that the amount of loan due under this bond may be recoverable from the Association as an arrear of land revenue under the provisions of the Bombay Land Revenue Code, 1879, and any amendments thereof PROVIDED ALWAYS that this clause shall not affect other rights, powers and remedies of the Government.

4. The Association doth hereby covenant with the Government

as follows:-

(a) The amount of rs.20,000/- paid to the Association by the Government shall be treated as the Reserve Fund of the Association.

(b) The Association shall repay the amount of loan to the Government as soon as the work for the Supply Department is over and the Association undertakes to pay this amount to the Government within 15 days of the intimation of such a decision by the Government. The decision of the Government as to whether the work of the Supply Department is over shall be accepted as final by the Association.

(c) If the affairs of the Association are wound up, the Government shall have the first charge over the assets of the Association for the recovery of the amount of loan, after the payment of the dues of the financing co-operative Bank from which loans might have been obtained on the security of the assets of the Association.

(d) The Association shall utilise the amount of the loan as working capital for the manufacture of blankets for the Supply Department.

(e) The Association shall not pay any dividend to any shareholders of the Association without the specific sanction of the Government as long as the said loan has not been repaid.

SIGNED and DELIVERED by

1.

2.

Chairman and Manager respectively
of the Association for and on
behalf of the Association
pursuant to a resolution of the
Board of Directors dated the . . .

103
16
day of 1942

in the presence of:

1.

2.

2/18

Dated the _____ day of _____ 1942.

THE HUBLI S.D. INDUSTRIAL CO-OPERATIVE
ASSOCIATION, LIMITED, HUBLI.

To

THE GOVERNOR OF BOMBAY.

BOND.

Mr. Chimanlal C. Shah,
Solicitor to Government
in the Legal Department.

19 + 19/05

No. W.H-18/461

Office of the Director of Industries,
Old Custom House Yard,
Bombay, 6th August, 1942.

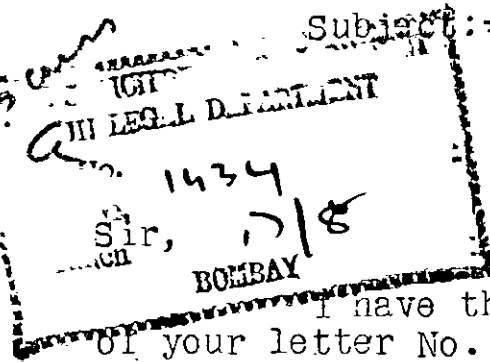
From

P. B. Advani, Esq., M.Sc. Tech., M.I.E., J.P.,
Director of Industries, B o m b a y.

To

The Solicitor to Government,
Legal Department, B o m b a y.

Subject:- Loan -
The Hubli S.D. Industrial
Co-operative Association,
Ltd., Hubli.-



I have the honour to acknowledge the receipt of your letter No. 5731, dated 14-7-1942, on the subject mentioned above, and the draft bond received therewith and to state that as the Co-operative Banks are to advance loans to these Industrial Associations on the security of the Government grants and the assets of the Associations, I consulted Mr. V.L. Mehta, the Managing Director of Bombay Provincial Co-operative Bank, Ltd., Bombay, in regard to the suitability of the bond from the point of view of the financing banks. Mr. Mehta's views are contained in the enclosed copy of his D.O. letter No. 254,

P.T.O.

for up
replied reply.

dated 24-7-42. On a personal discussion, he has made the following suggestions.

(a) The term 'loan' may be changed to 'grant' as financing banks may not feel inclined to grant loans against the security of 'loan money' and

(b) In clause 4(b) of the draft agreement, some provision should be made for the securing of priority of the claims of the financing banks, on the lines of the provision contained in clause 3 of the terms and conditions governing the loans mentioned in my letter No. W.H-18/333, dated 22-6-1942.

In view of this I shall be obliged for your advice in the matter.

The draft bond is returned herewith for necessary alterations and return. I shall be grateful if you will kindly treat this as very urgent.

Your obedient servant,

M. J. Advani

Director of Industries.

Accompt:- Copy of letter,

ADS.

Draft Bond.

21 121 107

The Bombay Provincial Co-operative Bank, Ltd.,
Post Box No. 472.

No. D.O. 254.

Bombay, 24th July 1942.

My dear Advani,

I beg to acknowledge receipt of your D.O. letter No.W.H.18/423 of the 20th July regarding the form of documents to be executed by the District Industrial Co-operative Associations in respect of funds obtained by them from Government. I presume that the funds referred to are those that are made available in accordance with paragraph 3 of your letter No.H.A.14/2930 of 7th November. If that is the case, the amount in question should be treated, as is shown in the draft agreement accompanying your letter, as the reserve fund of the Association. In the agreement drafted by the Solicitor to Government I find that the sum is treated as a loan. When it is treated as a loan, naturally, the various conditions set forth in the draft agreement prepared by the Solicitor will apply. But, the intention was to treat the funds made available as a guarantee or reserve fund of the Association on the security of which, as mentioned in clause 2 of the agreement, the Association could obtain finance from a co-operative bank. From this point of view, there cannot be any question of making the funds subject to recovery as arrears of land revenue, as mentioned in clause 3 of the Solicitor's draft agreement. In that event, the funds would have priority over all other creditors and cannot rank as security for credit from outside. I observe that the Solicitor's draft agreement provides that in the event of liquidation, Government would have the first charge over the assets of the Association

P.T.O.

after payment of the dues of the financing Co-operative Bank. That was also provided in your draft agreement under clause 4. But, as mentioned in paragraph 3 of my Letter D.C. No.33 of 13th November 1941, this was not sufficient and a reference to the first charge in favour of banks was necessary under clause 3 of your draft agreement. It is true that the loans required from co-operative banks in regard to the supply of cloth to the Supply Department have not been drawn from co-operative banks - at least not from the Bombay Provincial Co-op. Bank - in accordance with the scheme drawn up last year; but the Provincial Bank as well as other banks have advanced other sums to the Industrial Associations on the strength of the assets of the Associations in general and certain goods in particular, and I am not sure whether under the Agreement as drafted by the Solicitor, Government will not have priority over such assets also during the period of working of the Industrial Associations. It is true that in case of winding up the interest of financing co-operative banks is safeguarded, but that provision, as I have noted above, is not enough.

The two points, therefore, I would request you kindly to consider, are whether (i) the funds made available by Government should be treated as loans or as contributions to the guarantee or reserve fund; and (ii) that in case the original intention to treat the funds as contributions to the guarantee or reserve fund is adhered to the first charge should be that of the financing co-operative banks on this guarantee fund and on the general assets of the Association. That will be in accordance with the arrangements set forth in your letter referred to above on the basis of which co-operative banks had agreed to provide finance.

P.P. Advani, Esq.,
Director of Industries,
Old Cotton House Yard, Bombay.

Yours sincerely,

3d/-----

No. 6491

Legal Department.
Bombay Castle, 11/15 August 1942.

From

The Solicitor to the Government of Bombay,
Legal Department..

To

The Director of Industries, Bombay.

Subject:- ~~Lease~~ -

The Hubli S.D. Industrial
Co-operative Association, Ltd.,
Hubli.

Sir,

With reference to your letter No.W.H-18/461 dated the 6th August 1942, I have the honour to state that I will like to discuss this matter with your representative. Please, therefore, ask your representative to see me after making previous appointment on the phone (No.29739).

Your obedient servant,

CS
10/8

Solicitor to Government.

uncol
Sir
11/8

McElwain at 11 m
10/8
14/8/42

No. 6648

3 125 - 44

Legal Department.
Bombay Castle, 17th August 1942.

From
C. C. Shah, Esquire, M.A., LL.B.,
Solicitor to the Government of Bombay;

To
The Director of Industries,
Bombay.

Subject:- Loan.
The Hubli S.D. Industrial Co-operative Association,
Limited, Hubli.

Sir,

With reference to the interview of your representative with me, I have the honour to send you herewith the draft Bond duly amended by me. Clause 5 has been added to give priority to the claim of the financing Co-operative Bank.

Your obedient servant,

15/8

Solicitor to Government.

Issued
C.C.
17/8

Encl:
Draft Bond.

Letter.

No. W-392-D/507^{22/27} #3
Office of the Director of Industries,
Old Custom House Yard,
Bombay, 7/11 September 1942.

To
The Solicitor to Government,
Legal Department, Bombay.

Subject:- Loan:-

The Hubli S.D. Industrial
Co-op. Association, Ltd., Hubli.

I have the honour to acknowledge with many
thanks the receipt of your letter No. 6048, dated
17-8-1942, on the subject mentioned above, together
with the draft loan, forwarded therewith.

S. S. D. S. S. S.
for Director of Industries.

CCG.7/9.

20V 12/9.

21 28+ 9837 269

11K

with

... of fine sand ...
... in ...

THE SOLICITOR GENERAL
IN LEGAL DEPARTMENT

FILE NO. 1039
DATE 12/9/44
BY [signature]

[signature]

original Mortgage Deed stated to have been
with this, but not received
12/9. Sale. The info was said to have been faxed with
the letter but not recd. may be called for
for DIS.

31 783 2

No. 6438

Legal Department,
Bombay Castle, 14th September 1944.

From

The Solicitor to Government,
Legal Department.

To

The Director of Industries,
Bombay.

Reconveyance of the Mortgage Deed
to Messrs. Shevde's Camara Works.

Reference your No. Accts(Loan)/9837 dated the 11th instant.

I have to state that the Mortgage Deed said to have been
forwarded to me with the letter under reference, ~~but~~ not received.
I therefore request you to forward it to me.

Issued
18/9
- 1449 -

SR 13/5.
Solicitor to Government.

50712/9.

9823 789-25

11m

THE SOLICITOR
IN LONDON
File No. 1040
Sub No. 12/9.
LONDON

10/17/2000

Michael

35 25 7 275
LETTER.

No. 6468

Legal Department.
Bombay Castle, 15th September 1944.

To

The Director of Industries,
B o m b a y.

Subject:- Modification in the form of Agreement
executed by the loanees under the
Scheme for Loans & Subsidies to
Trained Artisans.

Reference your letter No.Aocts.(Loan)/9843, dated the
11th September 1944.

Referring to question No. 1 in your letter, in the
contingency therein specified Government would be entitled to
recover the full value of the article together with compensation
for any other loss sustained by Government, e.g. the amount of
any other expenditure incurred by Government under the contract.

Regarding question No.2, it is presumed that the same
relates to a breach of the contract other than the one referred
to in question No.1. In the event of any breach of the contract
the remedy of Government would be to recover possession of the
article, appropriate to themselves the amount of instalments
already paid towards the purchase price and claim compensation
for loss if any arising from the breach after giving credit for

instalments already received.

Answer to question No.2 applies to question No.3.

Incidentally I might point out that it has been held by the Courts in several cases that if under the terms of the agreement the hirer is bound to pay the whole amount according to stipulated instalments and if he has no option to terminate the contract and return the chattel, the contract is not one of hire purchase but a contract of sale and in that case the owner on recovery of possession of the article in case of default by the hirer can only claim a lien on the article for the balance of the price but cannot re-sell the same. If the right to sell the article after seizure is considered more desirable than the right to enforce full payment of the stipulated price clause (1) of the draft agreement would have to be deleted.

The agreement form is returned herewith.

BT 14/5.

Solicitor to Government.

*15/5/50
CSP
15/5*

227-
121
LETTER.

No. 6468

Legal Department.
Bombay Castle, 15th September 1944.

To

The Director of Industries,
B o m b a y.

Subject:- Modification in the form of Agreement
executed by the loanees under the
Scheme for Loans & Subsidies to
Trained Artisans.

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already paid towards the purchase price and claim compensation
for loss if any arising from the breach after giving credit for

instalments already received.

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6^c Solicitor to Government.